
LEGISLATION AND POLICY

Changing Dynamics in the Asia-Pacific Region: Implications for U.S. Business and Policy

**By
Colin L. Powell
Secretary of State**

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I really do appreciate your words about what things are like in the business of U.S. diplomacy. It is not a matter of prevailing. It is a matter of serving the American people. It is a matter of serving the President. We have a President who has a vision, a vision of a world at peace, a vision where we work with friends and allies around the world to pursue that desired goal of a world at peace. A world that increasingly is worried and focused on the spread of democracy. A world that comes together to deal with tyrants. A world that works on free trade agreements of the kind that was just described. Free trade agreements not just for their own purpose or to serve the business community, but as a way of generating wealth in countries that desperately need wealth to bring people out of poverty and out of despair.

The President has a vision of going after some of the great problems that the international community faces, that the world faces; famine, and perhaps one of the greatest threats to the world now, and that is the human immuno-deficiency virus/acquired immune deficiency syndrome (HIV/AIDS). The President goes forward in the execution of his policies in the name of the American people, he will use all the tools at his disposal, diplomatic tools, political tools, economic tools, the brilliant United States military that we have seen at work in Iraq liberating the people. All of these elements of national power come together in the White House for the use of the President, and all of the members of the President's national security team work hard every day to make sure that we give him the very best advice, the very best council that we can, so that he can make the decisions that he has been elected to make for the American people.

And he does make those decisions and he does it in a bold way and he does it in a principled way. And the world has seen George Bush act in a dedicated and principled world and in a dedicated and principled way in recent months, and that is the way he will continue to work during the course of his administration and as he holds the reins of leadership in the United States and for the international community. And that is especially the case with respect to the way in which we will approach Asia. With a vision, with a desire to cement our friendships in Asia, with a desire to help those nations in Asia who are still trying to find their way forward find that way forward. And that is why this organization is important.

So many longtime friends of Asia and friends from Asia are here today to welcome the inauguration of the United States Asia-Pacific Council. The Board of Governors of the East-West Center deserves our appreciation for hosting the new Council and it is a testament, indeed, to the importance of the Council's mission that it has been able to assemble such a stellar group of leaders, from industry, academia, the media and government.

When I travel to Asia, journalists traveling with me will often say, "In this new century, does the United States believe that Asia is more important than Europe, or is Europe more important than Asia, or how has the balance shifted?" And, of course, my very diplomatic answer is that both sets of relationships have been and will remain essential. It is a diplomatic answer, but it also

happens to be absolutely true. It is in Europe and Asia where the United States finds a great concentration of capable, like minded partners, countries able and willing to work with us to address common concerns. And certainly Asia's weight in the world will only continue to grow.

But I would also say that a question like that is really a question of the 20th century, not of the 21st century, not of the mindset that we have to have for this century. Because so many of the opportunities and challenges in the world today are not just transnational, not just transregional, they are global. Whether it is terrorism or the spread of weapons of mass destruction, creating conditions for sustainable development, going after infectious diseases, or promoting democratic and accountable government, you can no longer just say it is a European problem or an Asian problem or an American problem or an African problem.

And it is no wonder that Asian countries have engaged so actively with us and others in the world community to confront these global challenges. Strong partnerships between the United States and our allies and friends in the Asia Pacific region have been, and remain, the pillars of security and prosperity in the region. And in this global age, they are also becoming critically important for the world beyond the Asia Pacific community, a world which depends upon the stability and growth that together we can generate.

You hear so much, for example, about North Atlantic Treaty Organization (NATO) going out of area. And, indeed, in August, NATO will take over the direction of the International Security Assistance Force in Kabul, in Afghanistan. Now, ten years ago when we were wondering about "whither NATO" and we were having these fascinating intellectual debates about whether there would be a role for NATO, and could NATO think about going out of area, we were thinking about just out of the immediate NATO area. Nobody could have anticipated then that NATO would go half way across the world to Asia and perform peacekeeping missions in a place like Afghanistan. And even more significant, members of the alliance are now talking about how they can play a role in Iraq. And for its part, the European Union (E.U.) is playing a welcome role in helping the Israelis and Palestinians back onto the road to a lasting Middle East peace.

I would argue, in reverse, that the nations of the Asia Pacific region are also going out of area. Already, Asian countries have made crucial contributions to combating international terrorism. Asian nations are extensively engaged in helping to rebuild Afghanistan. Japan co-chaired the Steering Group of Afghan Reconstruction Countries that came together, and Japan hosted our first highly successful international donors meeting. And it is no coincidence that our allies in East Asia have been key partners in Operation Iraqi Freedom.

They stood by us when the going got tough. In the days during and after our intensive efforts to encourage the United Nations to enforce its own resolutions, they were there and they stood by us. They did not waver. A transpacific partnership so vital for so long to keeping the peace of Asia now contributes in crucial ways to peace worldwide. As it was for Afghanistan, Australia, for example, was one of our very first coalition partners in Iraq, sending troops to fight on the ground and aircrews to fight from the sky.

South Korea is sending an engineering brigade and a medical battalion to Iraq, as well as also providing ten million for reconstruction and humanitarian assistance, in addition to what they have done in Afghanistan. Japan has given strong support to Operation Iraqi Freedom, as well as, at the same time, making a substantial commitment to Afghan reconstruction. Prime Minister Koizumi has shown the way in Asia with his personal leadership to deal with both of these challenges far away from the islands of Japan. Japan has pledged over \$200 million to post-war humanitarian assistance in Iraq, including assistance to Iraq's neighbors. So Japan clearly understands the role that it must play on the world stage, not just as part of the Asia Pacific part of the world, but as a part of the world community.

The Philippines announced its full support for Operation Iraqi Freedom. Immediately, at the first opportunity they had to do so, they did it, and they have stood alongside of us. Many others around the region, such as our good friend, Singapore, contributed to the coalition effort.

What has already been achieved in Afghanistan and Iraq is remarkable, and enormous opportunities have been opened in those two countries. U.S. led coalition forces destroyed in Afghanistan a major terrorist training ground, and now is in the process of liberating the long-suffering people of Afghanistan from the dual tyranny of the Taliban and al Qaeda, freeing a Muslim people and putting in place a Muslim government to lead those people. Afghanistan will not become an American colony or a fifty-first state; quite the contrary, we were willing to invest our time and our treasure and the lives of our young men and women, along with the lives of other coalition soldiers and sailors and airmen and marines, to bring freedom to the people of Afghanistan. Now, Afghanistan is governed by the most representative leadership in its history and is on its way to full constitutional government. For the first time in over two decades, the men and women of Afghanistan can look to the future with hope.

Liberation in Iraq is a great victory for freedom. It has freed the region and it has freed the world from the threat posed by the potentially catastrophic combination of a rogue regime with weapons of mass destruction and terrorism. But above all, it has freed the Iraqi people from a vicious oppressor. Now, we and our coalition partners, and many others who are now becoming a part of the coalition effort, are committed to helping the liberated Iraqi people, help them achieve a stable and united country under a representative government that will use Iraq's great natural human talent and its wealth, its oil wealth, to benefit all of its citizens. Iraqi oil will be used by the Iraqi people for the Iraqi people. The future of Iraq, finally, will be in the hands of its own people.

To the region and to the world, Iraq can become an example of a state transformed from a threat to a contributor, a contributor to international peace and security. How wonderful it was over the last several days to watch millions of pilgrims, for the first time in almost twenty-five years, practice their faith, marching to Karbala. It was our coalition, this great coalition that came together, that liberated them from a Muslim dictator and once again gave them the ability to practice their faith. It was a wonderful day. And to see General Jay Garner, United States Army, retired, up in the northern part of the country being greeted by the people with such affection and with thanks for what we have been able to achieve. A new day has begun in Iraq.

The international community, the United Nations (U.N.), the E.U., so many other organizations throughout the world, will all be playing vital roles in the relief, recovery and reconstruction effort in Iraq. And I have no doubt that many Asian nations, in addition to our coalition partners that I have mentioned already, will have the opportunity to take part in these noble efforts.

Meanwhile, the larger international campaign against terrorism continues and must continue. And Asia-Pacific countries have worked hard in this campaign. They have tightened their financial control system. They have worked to improve law enforcement. They have improved border controls and they are working on document security so we know who is traveling throughout the region, and whether they are traveling for peaceful purposes or for evil purposes. The Asian nations have dramatically increased intelligence cooperation, not just bilaterally with the United States, but with each other as well, as we make it clear that terrorism has to be dealt with in a comprehensive way. Countries that once had reservations about intelligence sharing, are now among the strongest advocates of such sharing, realizing how much it is in their interest to do so.

The Philippines, for example, has worked closely with our forces to not only share intelligence, but to work with our military and other forces to stop terrorist groups operating within its own borders. Malaysia, Singapore, and Indonesia have cracked terrorist cells. China has cooperated with us bilaterally and as a permanent member of the United Nations Security Council to pass those necessary resolutions that will implement the international will with respect to terrorism, including that historic resolution that is the foundation for all that we do, *Resolution 1373*.

Indonesia, to take yet another example, finally awakened to the threat of terrorism within its own borders, and has worked hard and has arrested many of the perpetrators of the terrible Bali, Indonesia bombing and brought to justice the leader of one of the terrorist organizations that claimed responsibility. All of the Association of Southeast Asian Nations (ASEAN) and others joined us in asking the United Nations to designate that group, Jemaah Islamiyah, as a terrorist organization. Even as we cooperate bilaterally with the countries of the region, we are working hard to bolster regional forums and help focus the efforts of these forums on terrorism and other transnational challenges.

At the Asia-Pacific Economic Cooperation (APEC) meeting last year, President Bush and the other leaders of APEC issued a counterterrorism declaration, a powerful declaration that will strengthen cooperation within APEC dealing with the security of trade, knowing what is transiting through our ports; deal with cyber infrastructure protection to make sure that the powerful tool that we now have available to us, the internet, is not used for evil purposes, and making sure that we have protected the global financial system so that we know when dirty money is passing through that system and heading to terrorist organizations. And just a few months before that, my Southeast Asian counterparts and I signed the *Joint ASEAN-U.S. Terrorism Declaration*, and we and our ASEAN regional partners agreed on ground rules for combating terrorist financing. Last month in Malaysia, we co-hosted another ASEAN regional forum workshop on ways to improve border security while facilitating the flow of people and goods.

So in this new century, with all of its perils, America's commitment to Asia's security and stability endures. For Asia's sake, for our sake, and for the sake of the international community, we are all in it together, and we will work with our partners to adapt our alliances and other relationships to meet these new 21st century needs.

With South Korea, for example, we are engaged in a Future of the Alliance Initiative. President Roh has welcomed these discussions aimed at modernizing the alliance and adapting it to the changing regional and global security dynamics. This process, this open transparent process between two allies, will result in strength and deterrence, including an expanded role for the Republic of Korea and its forces in the defense of the peninsula, and an enhanced contribution of U.S. forces to regional security and stability. There has been a lot of media attention on these discussions, especially within South Korea. And sometimes media is focused on what they believe is some effort on the part of the United States to get to a reduced commitment to South Korea's defense. Nothing could be further from the truth.

Our goal, in fact, is to reinforce our deterrence and reshape our force structure so that our alliance is positioned to serve for the long term. The size and shape of the U.S. footprint in any number of places may change, but we will remain steadfast in meeting the security obligations that geography, history and destiny have placed upon us. As President Bush has made clear repeatedly with respect to the Korean Peninsula, the United States does not want to see nuclear weapons on the peninsula. We seek a peaceful solution to the international community's serious concerns about North Korea's nuclear weapons program. As the President has said repeatedly since the beginning of this situation, we will pursue every diplomatic channel.

And that is why, for the past two days, we have been participating in meetings in Beijing with the Chinese and with the North Koreans. This is an early meeting, no intention of resolving any issues at this meeting. It was a way of bringing three countries in a multilateral setting who had a great interest in this problem together to exchange views to hear one another. Strong views were presented. The North Koreans presented their point of view strongly; the United States and the Chinese did, as well. The meetings are coming to a close now. The sides will return to their capitals and assess what they heard, analyze proposals that were put down by the parties, and determine where we will go next. The one thing that is absolutely clear as a result of this meeting, once again, is that there is unity within the community that we must not allow the peninsula to become nuclear.

These are strong views of the Chinese government, of the United States, of Japan, of South Korea, and of Russia, Australia, and other neighbors in the region, North Korea must come to understand this. North Korea must also come to understand that we will not be threatened. We will not respond to threats. We look for a way forward that will eliminate this threat and put North Korea on a path to a better future, a future that will provide a better life for its people. So we will analyze the results of this first set of discussions and see where we are going. The one thing we are also absolutely committed to is that there must be a multilateral approach and a multilateral solution to this problem. Nuclear weapons on the Korean Peninsula are a threat to every neighbor in the region, and a threat to the region, and we believe a threat to us as well. And it is for that reason we have insisted that all of the nations in the region play a role.

China has stepped up; South Korea and Japan are ready to participate in future conversations, when and if those conversations are held. And I hope the North Korean delegation will return to Pyongyang with a clear understanding of our point of view, as we have listened carefully to their point of view. I am particularly impressed at China's willingness to play an active role in these discussions, and I congratulate China for playing such an active role.

Our relationship with China has come a long way since the beginning of this administration. It was just about two years ago when we were in the midst of the U.S. Navy EP-3 crisis. You will recall when our reconnaissance plane collided with a Chinese fighter. We went into the ditch at that point, and people wondered if whether or not we were in for a long period of hostility and frozen dialogue. Quite the contrary. We dealt with that problem, came out of it, and today we are pursuing many promising new areas of cooperation with China, from counterterrorism to nonproliferation and stability in North and South Asia. This should surprise no one. As China's role in the world has grown, so too has its responsibilities and our expectations. There should be no doubt that despite our cooperation we still have serious differences with China. We have not stepped back from our principles or our commitments. But our cooperative agenda with China is better, richer and deeper than ever because we find that China and the United States have a mutual interest in addressing a wide range of global concerns. China has built up its foreign trade over the last thirty years. Today, it is a global manufacturing powerhouse to whom we look as a partner in fostering and sustaining global growth. We are working closely with China to ensure it fulfills all of its World Trade Organization (WTO) commitments and to advance the WTO's Doha agenda trade negotiations. Of course, creating conditions for an expanding global economy entails more than maintaining a fair and open international trading system. It also means cooperating with other nations to address the full range of global challenges that touch each member of the world community, not least of all China and the United States.

We are seeking to bring China into the group of nations working to fight the global scourge of HIV/AIDS. We have also developed important bilateral dialogues on international crime and law enforcement and on climate change. And we seek to bring China into a more global conversation about how to tackle these issues, as well, because they are global in nature. In the key area of human rights and religious freedoms, there still is much work to be done. China's citizens must have freedom to express their views peacefully and the protections of a fair and transparent legal system. After a year, 2002, of promising steps culminating in a productive U.S. and China human rights dialogue last December, we have seen some disturbing setbacks. We have talked to the Chinese candidly and directly about these setbacks and we have seen some improvement.

Our goal is to turn human rights into a positive element of our relationship, and so we are watching China's behavior and its decisions very closely and remain in very close dialogue with them. Inevitably, China's actions in the human rights area will continue to affect our overall bilateral relationship. As we look ahead, however, we will not allow areas of difference to preclude cooperation in areas where we share interests. The United States will continue to work creatively with China, as well as with all of our longtime allies and friends in Asia, to foster stability in the region and in the world. We will also continue to provide the security in that part of that world through our military presence that underpins growth not only in Asia, but the kind

of growth we need throughout the world. Because it is the kind of growth upon which America's own prosperity depends.

U.S. trade with East Asia now exceeds that with Western Europe, and it includes some of the largest and fastest growing economies in the world. Open economies support American jobs and income and broaden the foundations upon which democratic institutions can be constructed and create incentives to settle problems peacefully. When problems can be settled peacefully, you encourage more investment. Investment does not go to troubled parts of the world where that investment might not be safe.

And you can see that in the last decade alone, U.S. exports to Asia grew by more than 80 percent and U.S. imports from Asia grew by more than 150 percent. U.S. investments in Asia nearly tripled during the same period to over \$200 billion, about equal to the amount that Asians have invested in the United States. This two-way trade and investment pattern must continue and must be expanded. As is the case elsewhere, political stability in Asia is inextricably linked to economic prosperity. When an economy founders, there are political consequences. Likewise, when political systems are askew, there is economic fallout. It makes good sense, therefore, that we are actively promoting open markets, economic reform and pro-growth policies in all of our key bilateral relations in the region and especially using institutions such as APEC and Association of Southeast Asian Nations

And now a new threat to the region's economies has arisen. The outbreak of Severe Acute Respiratory Syndrome (SARS) reminds us that infectious disease knows no borders and requires an effective and coordinated response at local, national and international levels. Experts from our Centers for Disease Control are working around the clock in coordination with their counterparts in the region to prevent its spread and to find effective treatments. Already SARS is having a serious economic impact on tourism, commercial air travel, and other sectors touched deeply by the globalization of trade, manufacturing, and finance.

It is in all of our interests that Asian countries meet not only the challenges of this kind of threat, SARS, but also the challenges of political and economic reform, and also that the region continues to be the economic dynamo that it has been in past decades. We especially support Prime Minister Koizumi's economic reform agenda to return Japan to a strong and sustainable growth path. An economically robust Japan is of great importance to regional and global economic growth.

As I mentioned, we are closely monitoring China's implementation of its WTO commitments. And with its full compliance, we believe that will help spur further economic development, economic reform, help promote the rule of law, and increase the flow of ideas and information to the Chinese people, and from the Chinese people. As you heard Bob Zoellick say earlier, we have concluded a free trade agreement with Singapore and are pursuing another one with Australia.

Last year, President Bush unveiled the Enterprise for ASEAN Initiative, which offers Southeast Asian nations a roadmap to free trade, so they can increase their competitiveness and growth prospects. And we are working within APEC to promote open trade and investment and structural reform throughout the region. We are strengthening our ties in ASEAN through the ASEAN cooperation plan that I announced last year in Brunei. This plan focuses not just in institution-building within ASEAN, but also on narrowing the development gap among Southeast Asian countries. In all of these initiatives, it is not just what the government does; the private sector is the key to the success of each of these efforts. And so the Bush administration, and President Bush himself, personally committed to building and strengthening partnerships throughout our Asia-Pacific community. And we applaud the United States Asia-Pacific Council's efforts to heighten U.S. engagement in the region.

The enterprising nations of the Asia-Pacific are at the forefront of a worldwide phenomenon, an increasing awareness that the 21st century holds extraordinary opportunities as well as some threats and challenges:

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- Opportunities to work with allies, friends, and even former adversaries to resolve longstanding conflicts;
 - Opportunities to form coalitions against global challenges such as terrorism and weapons of mass destruction;
 - Opportunities to advance worldwide well-being on an unprecedented scale by freeing ordinary people to pursue their dreams.

In the new century, I am absolutely confident that Asia will be a growing force for global peace and prosperity. This is the future of Asia the Bush Administration that President Bush personally envisions. And it is the Asia we will work with to make sure that this is not a dream deferred, but a dream that we can reach and capture for the benefit of the peoples of Asia and the peoples of the world. It is Asia's tomorrow that is taking shape today, and you are playing a vital role in making sure that we achieve our goals and that we achieve that dream. It is an exciting time to be in the foreign policy community. It is an exciting time to see world regimes start to move to the side and disappear. It is an exciting time to see the international community come together with all the fractious behavior that sometimes occurs within the international community, even with some of the heated debates that you see and the disagreements that go on, whether it is within NATO or within the United Nations.

What comes through all of this noise, however, is the reason for the noise. It has a simple one-word descriptor. The reason for so much of this noise is democracy. Free people, free sovereign nations, debating, arguing, fighting, trying to achieve compromise, achieving consensus, all for a common purpose, to spread the values that we all believe in, the values of democracy, the value of individual human rights, the value of an open trading system, a system of values that come together for the purpose of freeing mankind from poverty and disease and want and fear. That is what we are all joined together to do, and I congratulate you for this step that you have taken to form this council, to be a part of this great crusade.